GOVERNMENT OF INDIA
HEAVY INDUSTRIES AND PUBLIC ENTERPRISES
LOK SABHA

UNSTARRED QUESTION NO:108
ANSWERED ON:15.11.2007
POLICY INITIATIVE BY TOP MANAGEMENT IN UNDERTAKINGS
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Will the Minister of HEAVY INDUSTRIES AND PUBLIC ENTERPRISES be pleased to state:

(a) the number of heavy industrial undertakings and public enterprises where professionalisation of top management has been introduced as a policy initiative;

(b) whether there has been any marked gain or improvement in performance as a result of this process and how long it would take to complete this process in all the units of this sector;

(c) if so, the number of the units already closed, those in operation and economic viability of the running units; and

(d) the future prospects of these units, category-wise?

Answer

THE MINISTER OF HEAVY INDUSTRIES AND PUBLIC ENTERPRISES (SHRI SONTOSH MOHAN DEV)

(a) : The guidelines on professionalisation of top management and corporate governance issued by the Government are applicable for all Central Public Sector Enterprises (CPSEs).

(b) The performance of CPSEs depends on a number of factors including business environment, management, level of technology, etc. The induction of non-official Directors is a continuing process.

(c) As per available information, as on 31st March, 2006, there were 225 operating CPSEs and 4 CPSEs were closed during the year 2005-06. During the year 2005-06, 157 CPSEs posted profits and 58 CPSEs incurred losses.

(d) The National Common Minimum Programme (NCMP) inter-alia provides that full managerial and commercial autonomy will be devolved to successful profit-making companies operating in a competitive environment. The NCMP further provides that while every effort will be made to modernize and restructure sick public sector companies and revive sick industry, chronically loss-making companies will either be sold-off, or closed, after all workers have got their legitimate dues and compensation. In terms of the aforesaid policy, the Government has enhanced the financial and operational powers delegated to the Navratna, Miniratna and other profit making CPSEs. Further, the Government has established Board for Reconstruction of Public Sector Enterprises (BRPSE) to advise inter-alia revival of sick CPSEs. On the basis of recommendations of BRPSE, the Government has approved the proposals for revival of 26 CPSEs. The number of profit making CPSEs has increased to 157 in 2005-06 as compared to 138 in 2004-05 and the number of loss making CPSEs has decreased from 79 in 2004-05 to 58 in 2005-06.